DEPARTMENT OF HEALTH AND HUMAN SERVICES
Public Health Service
Indian Health Service
Rockville, Maryland 20857 Refer to: OHR

INDIAN HEALTH SERVICE CIRCULAR NO 93-03

COSMETIC AND EXPERIMENTAL PROCEDURES REVIEW

Sec.

1. PURPOSE. This circular outlines Indian Health Service (IHS) policy regarding contract health services(CHS) referrals that are of a potentially cosmetic or experimental nature. It describes the review process for these requests by the Fiscal Intermediary (FI), Office of Health Programs (OHP), and the Clinical Advisory Group (CAG).

2. BACKGROUND. When the amount of CHS funding is not adequate to meet the total needs of the IHS service population, Federal regulations require the IHS to limit CHS care through a system of established medical priorities based on relative medical need.

The current INS Medical Priorities List excludes authorization of payment for purely 'cosmetic and experimental procedures. Occasionally, a plastic surgery procedure specifically excluded by the IHS Medical Priorities may be determined to be appropriate for CHS funding if it is necessary for proper mechanical function or psychological reasons, rather than being purely cosmetic in nature.

In addition, certain procedures which were previously judged experimental may become acceptable under current practice standards. For these reasons, it is necessary to implement a mechanism to review CHS purchase delivery orders (PDOs) for procedures that are potentially cosmetic or experimental in nature.

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3. DEFINITIONS.

A. Fiscal Intermediary. - an organization, under contract with the IHS, that undertakes to validate and pay CHS claims.

B. Managed Care Committee- a committee, established by the Director, to plan, develop, promote, and institute the principles of managed care and ensure maximum access to quality health services throughout the IHS

c. Clinical Advisory Group a group of four senior IHS physicians appointed by the IHS to review medical care problems identified by the FI and to act as an advisory group to the IHS on monitoring the quality of medical care provided by the private sector that is paid by the FI.

4. POLICY. This policy applies to all IHS hospitals and clinics and shall include the following:

The IHS Medical Priorities List shall include a description of services excluded from coverage and will identify procedures that are cosmetic or experimental in nature.

The FI and Area Chief Medical Officer (CM0) shall use established mechanisms to review, prior to payment, all CHS requests for procedures that are listed as cosmetic or experimental.

The CHS referrals for excluded or experimental procedures that are listed in the IHS Medical Priorities will not be. made, unless a formal exception is granted by the Associate Director, OHP (IHS Chief Medical Officer);

However, certain excluded or experimental cosmetic procedures that are determined to be necessary for proper mechanical function or psychological reasons shall be considered appropriate CHS referrals, and approval shall be granted by the CMO.

5. PROCEDURES.

A. Cosmetic Procedures Review.

(1) Service Unit Review.

The service unit staff shall follow established procedures when referring patients for CHS care.

When a service unit determines that a potentially cosmetic procedure is absolutely required for a particular patient (because of impaired mechanical function or psychological reasons), the service unit will obtain pre-authorization approval from the CM0 and Area CHS Officer. Without such approval, the service will not be paid by the FI.

(2) Chief Medical Officer and Area CHS Officer Review.

The CMO and Area CHS Officer will be responsible for evaluating and approving requests for cosmetic procedures. The CM0 signature, or notation by the service unit of CM0 approval, must appear on the PDO document or in the designated computer field (for electronic transfer of. PDOs).

The CM0 and Area CHS Officer will be responsible for the evaluation of all claims for cosmetic' procedures that are received from the FI.

a. After evaluating the claim, the CM0 will approve or disapprove the claim and return the claim to the FI within 30 working days.

b . The FI will release the claim for payment if the CM0 approves payment.

C. Rejections.

If the CM0 does not approve the claim, or if a response is not received within 30 days of the referral to the CMO, the claim will be rejected.

(i) The provider will be referred to the local IHS service unit for payment of a PDO the FI is not authorized to pay.

(ii) The CM0 and clinical director will be notified of all claims rejected by this process.

(3) Fiscal-Intermediary Review.,

The FI will pend for review all. claims for cosmetic procedures prior to payment. The IHS Medical Priorities and the Health Care Financing

Administration (HCFA) Coverage Issuance Manual will be used as a reference to determine which procedures are considered cosmetic.

a. The FI staff will check the claim for CMO. approval.

b. The claim will. be released for payment if CM0 approval is noted on the PDO. Further FI review of these claims will occur after the' claim is paid.

c. Pending Claims.

When no CM0 approval is noted on the claim, the claim will remain pending during the entire review process.

(i.1 Medical records will be requested for all-claims for cosmetic procedures without CM0 approval.

(ii) If a review of medical records supports that the procedure is not purely cosmetic, payment will be made.

(iii)If a decision cannot be made to pay a pending claim based on the medical records, the FI will refer the case to the CM0 for a determination.

(4) Cosmetic Procedure Reports.

a. All cases reviewed for cosmetic services will be logged in the FI reporting system.

b. Semi-annual reports will be sent to each Area Office detailing the findings of the review. The CM0 can use this report to ensure that procedures defined by the Area for authorization and/or CM0 approval of cosmetic procedures are being followed.

c. Trend reports will be extracted semi-annually from the reporting system and referred to the CAG for review and comment. The CAG will be responsible for annually reporting its

findings and recommendations to OHP, the CMOs Area CHS Officers, and the Managed Care Cornmittee (MCC) .

B. Experimental Procedures Review.

(1) Service Unit Review.

The service unit staff shall follow established procedures for referring patients for CHS care.

When the service unit staff determines that the best treatment option for a patient requires a procedure that is listed as experimental or excluded in the IHS Medical Priorities and they have reason to believe that the procedure in question is no longer considered experimental (investigational), they will consult with the CM0 prior to authorizing the service.

(2) Chief Medical Officer Review.

The CM0 will approve or disapprove the request. If the CM0 concurs with the service unit staff that the required procedure is no longer considered to be experimental in nature, he/she will consult with the Office of the Associate Director, OHP, to request an exception to authorize payment for an excluded service.

(3) Office of Health Programs Review.

The OHP will respond to the request within 5 working days.

a. Exceptions must be based on valid and verifiable medical reasoning.

b. The HCFA Coverage Issuance Manual and current medical literature will be used as the basis for decision-making.

C. If approved, documentation of the approval from the Associate Director, OHP, will be attached to the PDO.

d. On an annual basis, OHP will update the IHS Medical Priorities to reflect changes in acceptable medical practice.

(4) Fiscal Intermediary Review

All claims for potentially experimental procedures will be pended by the FI for review prior to payment.

a. If OHP has issued an exception, then the claim will be paid.

b. All cases that are pending for experimental review that are not cleared for payment by OHP will be forwarded to the FI Medical Director to evaluate whether standard medical practice still considers the procedure to be experimental.

(i) The CM0 and service unit clinical director will be notified of this action.

(ii) If The FI determines that standard medical practice has changed, the FI Medical Director will refer the case to OHP for consideration of a future revision of IHS Medical Priorities.

c. Rejections.

Claims for services rendered that are specifically excluded by IHS Medical Priorities, and no written exception is received with the PDO, will be rejected.

(i-1 The provider will be referred to the local IHS service unit for payment of a PDO the FI is not authorized to pay.

(ii) The CMO, Area CHS Officer, and service unit clinical director will be notified of all claims rejected by this process.

(5) Experimental Procedures Reports.

a. All cases reviewed for experimental services will be logged in the FT reporting system.

b. Semi-annual reports will be sent to each Area Office detailing the findings of the reviews.

c. Semi-annual reports will be submitted by the FI to the CAG for review and comment. The CAG will be responsible for annually reporting their findings and recommendations to OHP, the Area CMOs, Area CHS Officers, an the MCC.

6. REPORTING REQUIREMENTS.

A. The CAG shall provide annual reports to the Associate Director, OHP, and the Deputy Director, IHS, concerning cosmetic and experimental procedure screens performed by the FI.

B. The CAG functions,, service unit and Area followup, and the preparation and review of the annual report are an internal control mechanism to address the Federal Managers Financial Integrity Act requirements to, asses risk, implement controls, and prevent fraud, waste, and mismanagement.

Michel E. Lincoln
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